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UNCLAS BUENOS AIRES 000149

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SUBJECT: MEDIA REACTION TIFA BETWEEN THE US AND URUGUAY; 01/26/07

1. SUMMARY STATEMENT

All major newspapers report on the signing of a Trade and Investment Framework Agreement between the US and Uruguay and DUSTR John Veroneau's statement that "The TIFA's will help us find ways to explore and broaden economic opportunities as well as identify further opportunities between the two countries."

2. OPINION PIECES

- "Commercial agreement between Uruguay and the US - a yellow light for Mercosur"

Leading "Clarín" (01/26) reports "It is a Trade and Investment Framework Agreement, but it could well lead to an FTA, which could infringe on Mercosur rules. The initiative sparked irritation in from Frente Amplio."

"... DUSTR John Veroneau said 'We were impressed by the presentation made by the Uruguayan delegation in the US, and by the fact that they were eager to strengthen the bilateral relationship.'"

- "Washington analysts dismiss a broader agreement"

Leading "Clarín's" Washington-based correspondent Ana Baron writes (01/26) "The TIFA signed by the US and Uruguay raises new questions about the future of Mercosur. Is this the preliminary step to an FTA, which could force Uruguay out of Mercosur? International trade experts consulted by 'Clarín' believe that the current political obstacles not only in Uruguay but also in the US will hinder the signing of an FTA between the two countries."

"... Experts think that the fact that the US and Uruguay have not signed an FTA does not rule out a greater Mercosur crisis."

- "Argentina and Brazil are on the alert, but, still, confident"

Leading "Clarín's" political columnist Natasha Niebieskikwiat (01/26) reports "Mercosur main partners are on a state of alert given the possibility of an FTA between Washington and Montevideo... However, Argentine Secretary for International Economic Relations Alfredo Chiaradia said: 'Countries are sovereign and we do not have any comments as long as commitments with other countries are honored.'"

- "Uruguay signs a commercial and investment deal with the US"

Daily-of-record "La Nación's" "Economy and Business" supplement heads reports (01/26) "Uruguay and the US signed yesterday a Trade Investment Framework Agreement... Both delegations decided to set up a Council on Trade and Investment with representatives from both countries... The US delegation was led by Deputy USTR John Veroneau,

who is scheduled to be in Argentina today to discuss the Doha Round and other commercial issues."

- "Uruguay signs an investment deal with the US"

Conservative "La Prensa" reports (01/26) "(The TIFA) is a preliminary step toward an FTA between Montevideo and the US." The paper reports "The US and Uruguay signed yesterday a Trade Investment Framework Agreement to promote trade and investment with the US."

"The USG officials who were signing were DUSTR John Veroneau, Assistant USTR for the Americas Everett Eissenstat, the USTR Director for the Southern Cone, Susana Cronin, and US Ambassador to Montevideo Frank Baxter."

"Relative to the TIFA signed between the US and Uruguay, a bilateral council will gather... to 'explore opportunities' to liberalize trade and investment as well as remove commercial barriers. This is why the pact is considered a first move toward an FTA. In a press round, Uruguayan Economy Minister Astori did not rule out the possibility of making progress in this direction."

- "Montevideo and Washington closer to an FTA"

Business-financial "InfoBae" (01/26) reports "... Washington, which did not manage to obtain the support from most of the countries of the region to make progress on the FTAA, decided then to develop a broad network of bilateral FTAs..."

"Veroneau asserted that 'if Uruguay were to be considered a share, I would purchase it, and voiced Washington's interest in reaching trade deals with the region.'"

- "'Venezuela and Bolivia complicate Mercosur"

Business-financial, center-right "InfoBae" (01/26) reports an interview with Jorge Rodriguez Aparicio, head of the Argentine-Brazilian Chamber of Commerce, who said that the bloc is stalled, criticized its 'ideology-driven impetus' and warned that in the current situation, new partners will cause new problems.

"'Although I believe that the FTAA is dead, we should think of future bi-national deals, such as the one the Vazquez administration is going to sign with the US...'"

- "Uruguay steps away from Mercosur by signing a deal with the US."

Business-financial "Ambito Financiero" (01/26) reports "Uruguay finally signed a Trade and Investment Framework Agreement (TIFA), in a move seen by analysts as a preliminary step toward an FTA with the US, something which could imply distancing away from Mercosur."

"... Rapprochement between Uruguay and the US raises concern in Mercosur given the bloc's rules prohibiting country's fellow members from negotiating free-trade deals with other countries."

"DUSTR John Veroneau said 'The TIFA's purpose is to help us find ways to explore and broaden economic opportunities as well as identify further opportunities for both countries.' 'The TIFA is a very important step forward, but we should "let the ink dry" before starting to talk about any other kind of deal.'"

- "Claim on the US for removal of sanitary barriers"

Business-financial "El Cronista" (01/26) reports "(Argentine Economy Minister) Felisa Miceli and FM Jorge Taiana will ask the USG official who signed a commercial agreement with Uruguay for the US to remove sanitary barriers. The agenda will also include investment"

"... DUSTR will talk about Washington's concern over the role of Venezuelan Hugo Chavez and Bolivian Evo Morales in Mercosur. He will also reiterate the US interest in signing new FTAs with South American countries."

- "The US promotes an energy pact against Chavez"

Hugo Alconada Mon, Washington-based correspondent for daily-of-record "La Nacion," comments (01/26) "Without resounding announcements and political debate, the USG and Brazil have made an alliance to promote hemispheric manufacturing and marketing of bio-diesel in order to reduce oil dependence and get some protection against Venezuelan President Hugo Chavez's U-turns.

"According to sources who attended negotiations in this city, the agreement between Washington and Brasilia will also include other countries manufacturing ethanol or facing serious social challenges, but not Argentina, which is a newcomer in this field.

"The energy pact, called 'Bio-diesel strategy for Latin America and the Caribbean' will be launched this year. According to negotiators, funds have been allotted to the project, aimed at moving billions of dollars in the near future through a 'strategic regional partnership between the US and Brazil '

"According to Argentine and American sources, the US State Department's number three Nicholas Burns, and the USG's officer for Latin America Tom Shannon will travel to Brazil and Argentina early in February, but their agenda for Buenos Aires will not include this project.

"The alliance is aimed at diversifying the purchase of energy from the US, which imports oil from Iran, Iraq, Nigeria and Venezuela, among other unruly countries."

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